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multiplex problems which have arisen have been solved. In general, a conservative view at the present time is that the primary work of changing from many railroad systems into one system has already been accomplished. As time goes on, improvements and changes may be expected. The organization for carrying forward this vitally important part of the war endeavor of America is now at hand. For it to forge forward only needs intensive work on the part of all members of the great organization from top to bottom, and a constant study of the possibility of reforms as well as the execution of plans already made.

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THE BEHAVIORISTIC MAN

A NEW kind of an economic man has been, or is in process of being, constructed by what is known as the behavioristic school of economists. He is the result of an over-emphasis upon the non-pecuniary and the neglect or under-emphasis upon the pecuniary motives, as the old economic man was the result of the opposite tendencies.

There can be no doubt that men have many instincts and impulses which ally them with the bower bird who contrives, the beavers who construct, the bees and squirrels who accumulate, and all gregarious creatures who work together without thought of pecuniary gains and losses, and without calculating and balancing costs and advantages of any kind. We must all acknowledge the importance of a study of the instinctive and impulsive reactions in economic life, and admit the charge that too little attention has been given to them by economists. On the other hand, a counter charge can be made with equal effect and with equal justice against the so-called behaviorists. There are three counts in this charge.

1. They fail to see that the so-called orthodox economists have made ample allowance for these instincts, impulses and

emotions, even tho they have not analyzed, described and catalogued them as fully as was desirable.

For example, in most recent theories of interest, allowance is made for instinctive saving, accumulation, storing, holding on to desirable possessions, etc. In addition to all these things, however, these theorists have claimed that the influence of calculated self-interest shows itself. A great deal of saving would take place, it is claimed,¹ even if there were no prospect of receiving interest on accumulations; but, nevertheless, some people are induced to save more when interest is added as another inducement than they would save because of these instinctive motives alone, when there was no prospect of interest. The added savings of these people who look forward to interest make up an appreciable part of the total supply of capital in any economically advancing community. Patriotism, also, and other non-pecuniary motives play a part, but it seems probable that more would be subscribed for government bonds which paid interest than for those which did not.

2. The second count in the charge is that the Behaviorists have gone as much too far in one direction as the orthodox economists have ever gone in the other direction, in that they have ignored, or at least slurred over, calculated self-interest as a factor in human behavior. If the so-called economic man of the classical school, whom, by the way, I have found described by the opponents of the classical school more specifically than by any member of that school, was too much of a calculating machine, so is the "behavioristic man" of this recent school too much of an impulsive, unreasoning, "eternal feminine" sort of a man. It seems to me that we need a balancing up of motives before we arrive at any true concept of human reactions in a modern economic society.

3. The third count in the charge is that the behaviorists, like some of the older economists, lay too much stress on the

¹ Cf. the chapters on Interest in the present writer's *Distribution of Wealth*; also the chapter on Self-Centered Appreciation in his *Essays in Social Justice*; Marshall, *Principles of Economics*, Bk. VI, chap. 6; Landry, *L'Interet du Capital*, chaps. 2 and 3; Cassel, *The Nature and Necessity of Interest*, chaps. 2-4; Fisher, *The Rate of Interest*, chaps. 12-14; Mixer, *Theory of Savers' Rent*, *Quarterly Journal of Economics* for April, 1899, pp. 245-269.

question as to what men are really like and, relatively at least, too little upon the great selective principles of economy. The question is not simply what are men actually like, but what kind of men fit best into the cosmos. What are the earmarks of a "good" man, that is, of a man who adds strength to the community or the nation? The same charge may be brought against the behaviorists that is brought against the anthropological school of moralists. It is not enough that we study the variations of human institutions, habits, morals, etc. We also want to know what institutions, habits, and moral systems work well. What kind of a nation or social organization fits in the cosmos and grows strong under the conditions of the universe. Similarly, as to individual motives, it is not simply a question as to what motives actually govern human behavior, tho it is important that we know that. It is of equal importance that we know what motives or combinations of motives work well. If we permit ourselves to use the word "ought," we want to know what motives ought to dominate. What happens, to take an extreme case, to farmers who do not save seed or accumulate capital? Is a thriftless man as strong a man, or a thriftless nation as strong a nation, as a thrifty one?

There is variability here as elsewhere. Individuals are not all exactly alike. Some are governed more largely than others by a given group of motives, others by a different group. This gives the variability which is the opportunity for selection. Which combination of motives makes the best citizen, that is, the one most useful to the group or the nation?

It is my present belief that observers and students of human behavior reach different conclusions according to the kind of people whose behavior they are studying. He who studies mainly the failures, that is, those persons who have not succeeded in fitting themselves very well into the great industrial and social organization, will reach one conclusion as to the motives which dominate in human behavior. He who studies the more favorable variations, that is, those persons who have succeeded somewhat better in fitting themselves into the whole, reaches another conclusion.

A parallel line of division is found among students of the question of the relative influence of heredity and environment as determining factors in individual success. By analogy, if one were studying jellyfish, one might find them to be the sport of circumstances, the winds, the waves, the tides and the currents. Environment seems to be everything until one asks, why were they jellyfish; then heredity comes in. A human weakling likewise seems to be the sport of circumstances. If they are favorable, he turns out well; if unfavorable, he turns out badly. Again, environment seems to be everything, until one asks, why is he so weak as to be the sport of circumstances. Then heredity has at least to be considered. If one studies sharks, however, one does not find them to be the sport of circumstances, at least not of the same circumstances as those which control the jellyfish. What is the difference? It is partly that one was born a shark and the other a jellyfish. Two men go into a shower bath. One comes out with a glow and the other with a chill. To the one a cold shower bath was favorable, to the other it was unfavorable. The difference is in the men. Two men grow up in a slum environment. One comes out sound, strong and virile; the other diseased, weak and parasitic. Why did they turn out differently?

As to the relative importance of the so-called rational and non-rational factors in human behavior, there is no reason to believe that all men are alike in this or any other particular. It may be that successful men are influenced somewhat more by the rational factors than are unsuccessful men. At any rate, the classical school with its so-called economic man was as truly a behavioristic school as any group of recent students. They were studying a different class of men in the industrial system. Perhaps both schools develop a one-sided theory of human nature because of the fact that each is studying a different class — one the successful, the other the unsuccessful class.

This has an important bearing on the question before us. There is no a priori reason for concluding that one kind of man is better than another, certainly not for concluding that a

non-calculating, impulsive man, whose economic reactions are wholly instinctive, is better than one who calculates and carefully compares costs and advantages. The latter is certainly more "human," if by that word we imply the possession of qualities which distinguish us from, rather than ally us with, the loveable brutes. After all, calculating costs and advantages seems to work well, or at least better even from the social point of view, than "going it blindly," or relying upon our instincts and impulses, however admirable these may be. The investor, for example, who calculates carefully whether a certain enterprise will pay or not is really, in the last analysis, calculating whether the utilities resulting from it will be greater or less than those destroyed or wasted in carrying it through. A nation which encourages this kind of calculation on the part of its citizens is more likely in the long run to prosper than the nation which does not.

It is the writer's opinion that "behaviorism" fits into the classical scheme of economics, and fills it out by furnishing detailed analysis and description where they were lacking before. In this respect it performs the same function as that performed a generation ago by the marginal utility theory. This was not revolutionary, tho some ardent souls who did not see where it fitted in thought, for a time, that it had scrapped the whole classical system. On the contrary, it merely furnished an analysis of demand comparable with the analysis of supply which the classical school had worked out. The behavioristic school is furnishing a detailed analysis and description of a group of factors which were taken for granted by the marginal utility and marginal productivity analysis.

In the theory of differential cost, for example, it has long been understood that cost is disinclination, and that the disinclination is not a fixed and unvarying thing. There is no absolute disinclination to work, to risk or to save. Much work is done for many reasons besides the hope of wages, much saving without the hope of interest, much risking without the hope of profits or other objective gain. There is room here for the "instinct of contrivance," for a squirrel-like impulse to hoard, for the pleasure of skating over thin

ice, or telling *risqué* stories. A study of these will add to our knowledge of what may be called "costless" production or production inside the margin. What are all these non-pecuniary motives? There is a large question here; and if the behaviorists can answer it in detail, they will have made a significant contribution to economics. But if they think that they have built up a complete system and can dispense with all that has gone before, they must be placed in the class with men in other fields, such as chemistry, physics, medicine, or zoölogy, who, because of some new observations, hasten to announce that all previous work is of no account.

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THE REVIEW OF ECONOMIC STATISTICS

The Harvard University Committee on Economic Research will begin in January, 1919, the publication of a review devoted to economic statistics. The Committee has had this project under consideration for nearly two years, and in the fall of 1917 engaged Professor W. M. Persons, of Colorado College, to undertake the study of methods of interpreting current economic statistics. Professor Persons is well known to the scientific world through the various papers he has published upon statistical methods and results, and he will have editorial charge of the new publication, which will appear quarterly. The purpose of the committee is to promote the collection, criticism, and interpretation of economic statistics, with a view to making them more accurate and valuable than they are at present for both business and scientific purposes. This, it believes, can be done by more thoro investigation of the sources and accuracy of statistical data, and by developing the application to economic statistics of modern methods of statistical analysis, which have hitherto been utilized more extensively in other sciences than in economics.

It is the hope of the committee that the proposed publication will, in due time, provide a more accurate record of economic phenomena than is now available, and will also supply a method of interpreting current statistics which will make them more useful and significant than they are today. Since many new scientific and technical problems will necessarily be encountered, the 1919 issues will be treated as a preliminary volume, and will not constitute the first volume of a permanent series. The review will be published in connection with a statistical service which the Committee on Economic Research proposes to establish. The cost of the undertaking precludes ordinary publication arrangements, and, therefore, the review will be supplied only in connection with the statistical service which is offered for the year 1919 to all who may desire to become subscribers at the price of \$100 per subscription. Besides the review, it is expected that statistical service will include, after April or May, a monthly bulletin supplementing the quarterly publication. Since the purpose of the enterprise is primarily scientific, the quarterly publication will be supplied, without charge, to a limited number of university libraries and to scientific investigators particularly interested in the problems with which it will deal.

The Committee on Economic Research consists of Charles J. Bullock, Chairman, Charles F. Adams, Nicholas Biddle, Frederic H. Curtiss, Wallace B. Donham, Edwin F. Gay, Ogden L. Mills, Eugene V. R. Thayer.